

Message Text

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ORIGIN ARA-04

INFO OCT-01 ADP-00 /005 R

66650

DRAFTED BY: ARA/ECP:CWREYNOLDS:JD

APPROVED BY: ARA/ECP:WKNEPPER

----- 079906

R 272202Z JUL 73

FM SECSTATE WASHDC

TO AMEMBASSY CARACAS

AMEMBASSY LIMA

AMEMBASSY MEXICO

AMEMBASSY PANAMA

AMEMBASSY SANTO DOMINGO

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E.O. 11652 N/A

TAGS: EAGR, EEC

SUBJ: EXPORT CONTROLS ON SOYBEANS AND SOYBEAN MEAL

FOLLOWING SENT EC BRUSSELS INFO DUBLIN LONDON COPENHAGEN LUXEMBOURG
THE HAGUE BRUSSELS PARIS ROME BONNN TOKYO OECD PARIS GENEVA OTTAWA
FROM STATE JUL 20 REPEATED TO YOU

QUOTE

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E.O. 11652: N/A

TAGS: EAGR, EEC

SUBJ: EXPORT CONTROLS ON SOYBEANS AND SOYBEAN MEAL

1. FOR YOUR BACKGROUND INFORMATION IN DISCUSSIONS WITH
HOST GOVERNMENTS, FOLLOWING IS TEXT OF INFORMAL
MEMORANDUM ON THE WORLD OILSEEDS SITUATION GIVEN TO EC
COMMISSIONER LARDINOIS DURING HIS JUNE 20 DISCUSSIONS HERE
IN WASHINGTON AT US DEPARTMENT OF AGRICULTURE.

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BEGIN TEXT. THE WORLD OILSEED SITUATION

BACKGROUND

THERE HAS BEEN A TREMENDOUS GROWTH IN THE DEMAND FOR OILSEEDS OVER THE PAST 15 YEARS IN RESPONSE TO THE UPGRADING OF DIETS THE WORLD OVER.

OVER THIS PERIOD, U.S. EXPORTS HAVE ACCOUNTED FOR ALMOST HALF OF THE ANNUAL INCREASE IN WORLD CONSUMPTION AND MORE THAN THREE-FIFTHS OF THE ANNUAL INCREASE IN WORLD TRADE IN OILSEEDS AND FISHMEAL.

TWO OF THE MAJOR DEVELOPMENTS OUTSIDE OF THE UNITED STATES HAVE BEEN THE DECLINE IN EXPORTS OF SUNFLOWER SEED AND OIL FROM RUSSIA AND THE INCREASE IN EXPORTS OF FISHMEAL AND OIL, LARGELY FROM PERU. RUSSIA, WHICH IN THE MID-1960'S EXPORTED ROUGHLY 900,000 METRIC TONS (OIL EQUIVALENT) NOW EXPORTS ABOUT ONE-THIRD OF THIS QUANTITY. PERU'S EXPORTS OF FISHMEAL AND OIL INCREASED STEADILY AND PEAKED IN 1971-72 AT 2.2 MIL ON METRIC TONS OF FISHMEAL. THIS YEAR PERU'S EXPORTS WILL BE ABOUT 300,000 METRIC TONS.

SINCE THE BEGINNING OF THE LAST DECADE, UNITED STATES EXPORTS HAVE BEEN TRENDING UPWARDS AT AN AVERAGE RATE OF 1 MILLION METRIC TONS OF SOYBEAN MEAL EQUIVALENT PER YEAR.

THE 1972-73 MARKETING SEASON

THERE HAS BEEN A CRITICAL SHORTAGE OF OILSEEDS AND MEAL DURING THE CURRENT MARKETING SEASON. WE WILL PROVIDE SUMMARY FIGURES IN TERMS OF MILLION METRIC TONS OF SOYBEAN MEAL EQUIVALENT.

THIS SEASON, PERU'S EXPORTS OF FISHMEAL WILL BE DOWN 2.7 MILLION METRIC TONS FROM LAST SEASON. EXPORTS OF PEANUT MEAL FROM INDIA AND SENEGAL WILL BE DOWN ABOUT .4 MILLION METRIC TONS FROM LAST YEAR. EXPORTS OF LIMITED OFFICIAL USE

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SOYBEAN MEAL FROM BRAZIL ON THE OTHER HAND COULD BE UP ABOUT .5 MILLION METRIC TONS FROM LAST YEAR. SUMMARIZING THESE, THERE WILL BE A NET DECLINE IN FOREIGN EXPORT SUPPLIES OF ABOUT 2.6 MILLION METRIC TONS (SOYBEAN MEAL EQUIVALENT) FROM LAST SEASON.

ON THE DEMAND SIDE, REQUIREMENTS OF TRADITIONAL WORLD IMPORTERS PROBABLY CONTINUED THEIR USUAL

INCREASE OF ABOUT 1.4 MILLION METRIC TONS ABOUT LAST YEAR'S LEVEL. BUT RUSSIA INCREASED ITS REQUIREMENTS BY .9 MILLION METRIC TONS. SO THE GROWTH IN WORLD DEMAND AMOUNTS TO ABOUT 2.3 MILLION METRIC TONS.

IN THE FACE OF THIS, THE UNITED STATES IS INCREASING ITS EXPORTS OF BEANS AND MEAL BY 2.4 MILLION METRIC TONS OVER LAST YEAR.

DESPITE THE INCREASE IN U.S. EXPORTS, THERE WILL BE A NET GAP IN REQUIREMENTS OVER SUPPLIES OF ABOUT 2.5 MILLION METRIC TONS THIS YEAR AS COMPARED WITH LAST. THIS EXPLAINS THE SHARP INCREASE IN PRICES FOR OILSEEDS AND MEALS THROUGHOUT THE WORLD.

EVEN WITH THE LIMITATIONS ON EXPORTS, THE UNITED STATES WILL INCREASE ITS EXPORTS OF SOYBEANS BY 18 PERCENT OVER LAST SEASON AND ITS EXPORTS OF SOYBEAN MEAL BY 23 PERCENT OVER LAST SEASON. ON A MEAL EQUIVALENT BASIS, OUR TOTAL EXPORTS OF SOYBEANS AND MEALS WILL BE 19 PERCENT MORE THAN LAST SEASON. ON THE OTHER HAND, OUR DOMESTIC USE OF SOYBEAN MEAL WILL DECLINE ABOUT 7 PERCENT.

LAST YEAR THE UNITED STATES EXPORTED 49 PERCENT OF ITS SOYBEAN CROP IN THE FORM OF BEANS AND MEAL. THIS YEAR, EVEN AFTER THE EXPORT LIMITATIONS, THE UNITED STATES EXPORTS OF BEANS AND MEALS WILL AMOUNT TO 54 PERCENT OF THE CROP.

BY MID-JULY THIS SEASON WE HAD EXPORTED 23 PERCENT MORE SOYBEANS TO THE EUROPEAN COMMUNITY 6 THAN LAST LIMITED OFFICIAL USE

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SEASON. BY JUNE 1 OUR COMPARABLE DATA FOR SOYBEANS MEAL SHOWED AN INCREASE OF 7 PERCENT. THE EUROPEAN COMMUNITY 6 RECEIVES FROM 45 TO 50 PERCENT OF OUR EXPORTS OF BEANS AND MEAL COMBINED. THE ENLARGED EUROPEAN COMMUNITY RECEIVES ROUGHLY 55 PERCENT OF OUR EXPORTS. END TEXT.

2. FURTHER INFORMATION ON MEETING WILL BE SENT SEPTTEL. RUSH

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 27 JUL 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: elyme
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973STATE143291
Document Source: CORE
Document Unique ID: 00
Drafter: ARA/ECP:CWREYNOLDS:JD
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t1973077/aaaaaewg.tel
Line Count: 166
Locator: TEXT ON-LINE
Office: ORIGIN ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: elyme
Review Comment: n/a
Review Content Flags:
Review Date: 13 SEP 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <13-Sep-2001 by martinml>; APPROVED <04-Dec-2001 by elyme>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: EXPORT CONTROLS ON SOYBEANS AND SOYBEAN MEAL FOLLOWING SENT EC BRUSSELS INFO DUBLIN LONDON
COPENHAGEN LUXEMBOURG
TAGS: EAGR, VE, EEC
To: CARACAS MULTIPLE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005